



DEPARTMENT OF THE ARMY  
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT  
600 ARMY PENTAGON  
WASHINGTON DC 20310-0600

REPLY TO  
DAIM-FD ATTENTION OF

JUL 1 0 2000

MEMORANDUM FOR DEPUTY COMMANDER FOR MILITARY PROGRAMS, US ARMY  
CORPS OF ENGINEERS, 20 MASSACHUSETTS AVE., N.W.,  
WASHINGTON, D.C. 20314-1000

SUBJECT: Project Delivery Using Design-Build

1. Design-build has evolved to be a valued tool in the project delivery process. It is routine in commercial industry and both the Navy and Air Force use this procurement method for almost fifty percent of their respective MILCON programs. The Army uses the design-build process to a much lesser extent. It is apparent that significant benefits can be realized through use of design-build, including reduction of design costs and fewer change orders during construction.

2. We expect our planning and design account to remain under-funded and that we will be unable to support the use of the traditional design-bid-build procurement process at current levels. There will be no immediate relief from the elimination of contingency for MILCON projects, a continuing threat to successful execution. Under such circumstances, we need to increase the use of design-build for Army MILCON projects. Therefore, request you identify a minimum of twenty-five percent (by program amount) of the FY 02 MCA projects in the next Budget Estimate Submission to be accomplished using design-build. Ultimately, I believed that ramping up to fifty percent is both feasible and desirable, but let's evaluate our efforts before establishing a target for FY 03. (Since design-build is not currently a viable procurement strategy in Korea and Germany, these locations are exempt from the goals.) To facilitate this effort, I suggest that a joint ACSIM/HQUSACE working group be established to review execution plans, track progress, identify/resolve issues, and evaluate the results.

3. This action is the next progression in an evolution that began in 1987 when Congress directed that each Service construct three projects per year using design-build as a controlled test. In 1992, Congress changed Title 10 U.S.C 2862 to permit use of design-build at the discretion of the Service Secretary. Ultimately, this authority was delegated to HQUSACE and re-delegated, in 1995, to the MCSs. Through implementation of the above plan, design-build will become mainstream in Army MILCON execution. I recognize that it may require some management and cultural shifts but believe that we have little choice and the benefits of the change will be significant.

4. My point of contact is Mr. Stan Nickell, DAIM-FDC, (703) 692-9203.

*Milt —  
Per our conversation.  
25% for '02. Do think  
50% is achievable at  
some point.*

*VR,*  
*R. L. Van Antwerp*  
R. L. VAN ANTWERP  
Major General, U.S. Army  
Assistant Chief of Staff  
for Installation Management

CF:  
DASA(IH)  
COMMANDER  
US ARMY EUROPE AND 7TH ARMY, ATTN: AEAEN  
US ARMY FORCES COMMAND, ATTN: FCEN  
(CONT)

DAIM-FD

SUBJECT: Project Delivery Using Design-Build

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**DEPARTMENT OF THE ARMY**

U.S. Army Corps of Engineers  
WASHINGTON, D.C. 20314-1000

REPLY TO  
ATTENTION OF:

CEMP-MA (415)

27 SEP 2000

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Execution Guidance, Fiscal Year (FY) 2001 Military Construction (MILCON), Army (MCA) Program

1. References:

- a. CEMP-MA memorandum, 23 Sep 99, subject: Execution Guidance, Fiscal Year (FY) 2000 Military Construction, Army (MCA) Program
- b. DAIM-FD/CEMP-MA memorandum, 20 Jan 00, subject: Revised Guidance for Procedures and Approval of Changes to MILCON Projects Funded by MCA, UMMCA, and AFH Appropriations.
- c. DAIM-FD memorandum, 10 Jul 00, subject: Project Delivery Using Design-Build (enclosure 1).

2. Reference 1.a. addressed some of the issues that were expected to make execution of the FY 00 MCA program a challenge. Reference 1.b. established new execution procedures to mitigate the impacts of the general reduction directed to FY 00 MILCON by Congress, the elimination by OSD of contingency funds from MILCON projects (FY 01 and beyond), and the existing deficit in the MCA account. For FY 01, these issues are still with us and have been aggravated by the Congressionally directed rescission of FY 00 and prior-year funds. Congress also took no action to restore the contingency funds removed by the Office of the Secretary of Defense from the FY 01 program. This memorandum is intended to merely formalize what I hope you have been anticipating.

3. We must again minimize our use of Planning and Design (P&D) funds. I expect you to increase your use of alternative acquisition methods, especially design-build. With reference 1.c., Headquarters, Department of Army (HQDA) has directed greater use of design-build and has set a minimum requirement for the FY 02 and future MCA programs. In coordination with your staffs, projects equal to about 25 percent of the FY 02 program have been selected for design-build (enclosure 2). The goal for FY 03 and beyond is to work toward 50 percent of the program.

4. The field's projected requirements for MCA P&D funds in FY 00 indicated a serious shortfall. While I am happy to report that this shortfall did not develop it concerns me that our estimates are still so very overstated. The threat of this shortfall caused us to unnecessarily defer some final designs during FY 00. I am very concerned about the possible impact this will have on the Corps' execution in FY 01. We will have FY 01 P&D funds on 1 Oct 00, so you should plan to vigorously pursue design on all authorized projects immediately.

CEMP-MA (415)

27 SEP 2000

SUBJECT: Execution Guidance, Fiscal Year (FY) 2001 Military Construction, Army (MCA) Program

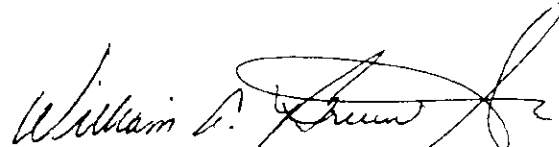
5. I applaud the field's efforts in FY 00 to award projects within the limited funds available. We must continue this effort in FY 01. The directions in paragraph 4 of reference 1.b. must continue to be conscientiously applied while paragraph 4.b. is expanded to include FY 01 projects. I expect you to continue to use the Value Engineering (VE) Program to control project costs and to partner with the Army's Major Commands and installations to maximize implementation of VE proposals. Despite the field's efforts, the extensive deficit is still there and will not go away quickly. As with last year, the Assistant Chief of Staff for Installation Management and HQDA will be monitoring the unawarded projects, the projects in the FY 01 MCA program, and their schedules to determine if awards may need to be deferred.

6. Congress inserted 19 projects (enclosure 3) into the FY 01 MCA program. Unlike last year, Congress directed that these projects not include funds specifically earmarked for design. I again expect these projects to be accomplished as design-build acquisitions in order to conserve the limited FY 01 MCA P&D funds and to assure as early an award as is possible.

7. Obviously these issues create a difficult situation and present a potentially turbulent picture for FY 01. I know you, your staffs, and the districts will do what needs to be done to execute the program effectively. Let me know if you have any suggestions that could be shared with the other districts and Major Subordinate Commands to overcome these challenges.

FOR THE COMMANDER:

3 Encl

  
WILLIAM A. BROWN, SR., P.E.  
Acting Deputy Commander  
for Military Programs

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CF:

Assistant Chief of Staff for Installation Management, ATTN: DAIM-FDC  
Engineering & Construction Division, ATTN: CECW-EV